

INFOUSA INC
Form 11-K
June 29, 2005

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549-1004

FORM 11-K

þ **Annual Report pursuant to Section 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2004 or

o **Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____.

Commission File Number 0-19598

infoUSA Inc. 401(K) Plan

5711 South 86th Circle, Omaha, Nebraska 68127

(Full title and address of the plan)

infoUSA Inc.

5711 South 86th Circle, Omaha, Nebraska 68127

Registrant's telephone number, including area code (402) 593-4500

Notices and communications from the Securities and Exchange

Commission relative to this report should be forwarded to:

Raj Das

Chief Financial Officer

infoUSA Inc.

5711 South 86th Circle, Omaha, Nebraska 68127

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infoUSA INC. 401(k) PLAN

Financial Statements and Supplemental Schedule

December 31, 2004 and 2003

(With Report of Independent Registered Public Accounting Firm Thereon)

infoUSA INC. 401(k) PLAN

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Report of Independent Registered Public Accounting Firm

The Plan Trustees
infoUSA Inc. 401(k) Plan:

We have audited the financial statements of the *infoUSA Inc.* 401(k) Plan (the Plan) as of December 31, 2004 and 2003 and for the year ended December 31, 2004, as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for plan benefits for the year ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP
KPMG LLP

Omaha, Nebraska
June 10, 2005

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infoUSA INC. 401(k) PLAN
Statements of Net Assets Available for Plan Benefits
December 31, 2004 and 2003

| | 2004 | 2003 |
|--|-------------------|----------------|
| Assets: | | |
| Noninterest-bearing cash | \$ 6,123 | |
| Investments at fair value: | | |
| Interest-bearing cash | 37,266 | 3,364,719 |
| Mutual funds | 44,784,807 | 34,164,890 |
| <i>infoUSA Inc.</i> common stock | 7,348,775 | 5,214,886 |
| Participant loans | 1,087,360 | 1,021,234 |
| Total investments | 53,258,208 | 43,765,729 |
| Total assets | 53,264,331 | 43,765,729 |
| Liabilities: | | |
| Accrued administrative expenses | 40,806 | 15,394 |
| Net assets available for plan benefits | \$ 53,223,525 | 43,750,335 |

See accompanying notes to financial statements.

Table of Contents**infoUSA INC. 401(k) PLAN**Statement of Changes in Net Assets Available for Plan Benefits
Year ended December 31, 2004

| | |
|---|-------------------|
| Additions to net assets attributed to: | |
| Investment income: | |
| Interest income | \$ 56,890 |
| Dividend income | 586,187 |
| Net appreciation in fair value of investments | 5,495,954 |
| Total investment income | 6,139,031 |
| Contributions: | |
| Participants | 4,143,917 |
| Employer stock contribution | 1,527,470 |
| Participant rollovers | 1,087,700 |
| Total contributions | 6,759,087 |
| Plan merger | 1,095,458 |
| Total additions | 13,993,576 |
| Deductions from net assets attributed to: | |
| Benefits paid to participants | 4,325,061 |
| Administrative fees | 195,325 |
| Total deductions | 4,520,386 |
| Net increase | 9,473,190 |
| Net assets available for plan benefits: | |
| Beginning of year | 43,750,335 |
| End of year | \$ 53,223,525 |

See accompanying notes to financial statements.

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Notes to Financial Statements December 31, 2004 and 2003

(1) Description of Plan

The following description of the *infoUSA* Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan covering employees of *infoUSA* Inc. (the Company) who have been employed by the Company for any consecutive six-month period and have attained age 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective April 1, 2004, the trustee of the Plan changed from T. Rowe Price to First National Bank of Omaha.

(b) Contributions

Each year, participants may contribute up to 100% of their pretax annual compensation, as defined by the Plan, not to exceed limits set by the secretary of the treasury. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Company makes matching contributions of 50% of the first 6% of participant contributions, which may be in the form of Company common stock or cash.

(c) Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's matching contribution, and an allocation of plan earnings based on balances in their account. All contributions, except Company matching contributions made in Company common stock, are directed by the participants into the various investment options offered. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is 100% vested after five years of credited service.

(e) Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. These loans are secured by the balance in the participant's account and bear interest at rates that range from 5.0% to 10.5% at December 31, 2004. Principal and interest is paid ratably through payroll deductions. Loans are considered in default 90 days following the last payment for the loan. At the time of default, they are considered a distribution of the Plan.

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(f) Payment of Benefits

Upon termination of service, a participant will receive a lump-sum amount equal to the vested value of his or her account, subject to mandatory Federal income tax withholding, unless the participant rolls over the distribution into another qualified plan.

(g) Forfeitures

Nonvested portions of terminated participants' accounts are forfeited. At December 31, 2004 and 2003, forfeited nonvested accounts totaled \$314,327 and \$286,268, respectively. Forfeitures are applied against future Company contributions, including payment of administrative expenses. During 2004, administrative expenses of \$144,475 were paid from forfeited nonvested accounts.

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

(a) Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis and present the net assets available for plan benefits and changes in those net assets.

(b) Investments

The Plan's investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Quoted market prices are used to determine fair value of investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Participants' loans are valued at their outstanding balances, which approximate fair value. Interest income is recorded as earned on an accrual basis and dividend income is recorded on the ex-dividend date.

(c) Payment of Benefits

Benefits are recorded when paid.

(d) Administrative Expenses

The Plan is responsible for all administrative expenses; however, the Company may elect to pay administrative expenses directly or through forfeited nonvested accounts.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Table of Contents**(3) Investments**

The following table represents the fair value of individual investments that exceed 5% of the Plan's net assets at December 31, 2004 and 2003:

| | 2004 | 2003 |
|---|--------------|-------------|
| <i>infoUSA</i> Inc. common stock | \$ 7,348,775 | 5,214,886 |
| Alliance Bernstein growth & income fund | 8,773,477 | |
| Gabelli growth fund | 8,864,327 | |
| PIMCO total return fund | 4,232,079 | 3,555,370 |
| RS Smaller Co. growth fund | 4,237,264 | |
| Royce total return fund | 2,401,592 | |
| ABN AMRO income plus fund | 3,296,799 | |
| Vanguard 500 index fund | 7,102,468 | |
| T. Rowe Price summit cash reserves | | 3,364,719 |
| T. Rowe Price equity income fund | | 7,788,928 |
| T. Rowe Price equity index 500 fund | | 5,290,790 |
| T. Rowe Price growth stock fund | | 8,379,006 |
| Brinson small cap growth fund | | 3,681,093 |

During 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$5,495,954 as follows:

| | |
|----------------------------------|---------------------|
| Mutual funds | \$ 2,844,411 |
| <i>infoUSA</i> Inc. common stock | 2,651,543 |
| | \$ 5,495,954 |

(4) Nonparticipant-directed Investments

Information about the net assets and the changes in net assets related to the investment in *infoUSA* Inc. common stock, which includes both participant-directed and nonparticipant-directed contributions, is as follows:

| | |
|--|---------------------|
| Net assets available for plan benefits January 1, 2004 | \$ 5,214,886 |
| Net appreciation in fair value of investments | 2,651,543 |
| Employee contributions | 106,875 |
| Employer stock contribution | 1,527,470 |
| Benefits paid to participants | (585,308) |
| Transfers | (1,465,184) |
| Forfeitures | (101,507) |
| Net assets available for plan benefits December 31, 2004 | \$ 7,348,775 |

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(5) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants would become 100% vested in their accounts.

(6) Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated June 27, 2003 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(7) Party-in-interest Transactions

The Plan invests in various funds managed by T. Rowe Price, the Plan's trustee through March 31, 2004. As these transactions were with the trustee, they qualify as a party-in-interest. The Plan utilizes Smith Barney as its investment advisor; therefore, they qualify as a party-in-interest. Fees paid by the Plan for the investment advisory services for the year ended December 31, 2004 amounted to \$28,566.

(8) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits.

(9) Plan Merger

Effective May 1, 2004, the Company merged the assets of the Triplex Direct Marketing Corporation 401(k) Profit Sharing Plan into the Plan. Previous years of service were credited to the Plan for purposes of eligibility and vesting. The assets, totaling \$1,095,458, were merged into the Plan at fair market value.

(10) Subsequent Event

Effective January 1, 2005, the Company merged assets of the OneSource Retirement Savings Plan of approximately \$8,500,000 into the Plan.

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infoUSA INC. 401(k) PLAN
Schedule H, line 4i Schedule of Assets (Held at End of Year)
December 31, 2004

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment, including maturity date, number of shares or units, rate of interest, collateral, and par or maturity value | (d) Cost | (e) Current value |
|-----|---|--|-------------|-------------------------|
| | William Blair international growth fund | Mutual fund | \$ | ** 2,172,287 |
| | Alliance Bernstein growth & income fund | Mutual fund | | ** 8,773,477 |
| | Credit Suisse global fixed fund | Mutual fund | | ** 353,283 |
| | Dreyfus emerging markets fund | Mutual fund | | ** 1,089,029 |
| | Gabelli growth fund | Mutual fund | | ** 8,864,327 |
| | ING GNMA income fund | Mutual fund | | ** 46,212 |
| | Loomis Sayles bond fund | Mutual fund | | ** 1,232,663 |
| * | T. Rowe Price Funds high yield fund | Mutual fund | | ** 942,339 |
| | PIMCO total return fund | Mutual fund | | ** 4,232,079 |
| | RS Smaller Co growth fund | Mutual fund | | ** 4,237,264 |
| | Royce total return fund | Mutual fund | | ** 2,401,592 |
| | ABN AMRO income plus fund | Mutual fund | | ** 3,296,799 |
| | Vanguard 500 index fund | Mutual fund | | ** 7,102,468 |
| | Fidelity real estate investment fund | Mutual fund | | ** 6,440 |
| | Fidelity strategic income fund | Mutual fund | | ** 5,745 |
| | Janus growth & income fund | Mutual fund | | ** 4,843 |
| | Japan Fd Inc. international equity fund | Mutual fund | | ** 11,805 |
| | Stratton monthly dividend REIT | Mutual fund | | ** 6,482 |
| | Vanguard energy fund | Mutual fund | | ** 5,673 |
| | Goldman Sachs <i>infoUSA Inc.</i> | Money market fund | | ** 37,266 |
| * | Participant loans | Common stock, 656,727 shares | 6,825,149 | 7,348,775 |
| | | Maturity dates ranging from 2005 to 2014 with rates from 5.0% to 10.5% | | 1,087,360 |
| | | | | \$ 53,258,208 |

* Represents party-in-interest.

** Historical cost information is omitted as it is no longer required for participant-directed accounts.
See accompanying report of independent registered public accounting firm.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 28, 2004

infoUSA INC.

/s/ RAJ DAS

Raj Das, Chief Financial Officer

(principal financial officer)

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INDEX TO EXHIBITS

| EXHIBIT NUMBER | DESCRIPTION |
|---------------------------|--|
| 23.1 | Consent of Independent Registered Public Accounting Firm filed herewith. |